

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 JUSE-00 SAJ-01

OMB-01 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 /078 W

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R 171741Z SEP 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1925

INFO AMCONSUL MUNICH

UNCLAS SECTION 01 OF 02 BONN 15725

E.O. 11652: N/A

TAGS: MASS, GW, US

SUBJECT: LOCKHEED AND THE FRG

REF: BONN 15534

1. SUMMARY: THE GOVERNMENT, WITH SOME HELP FROM ITS
OPPOSITION IN FORTHCOMING NATIONAL ELECTIONS, IS KEEPING
ALIVE THE ISSUE OF ALLEGED PAYMENTS BY LOCKHEED TO
GERMAN OFFICIALS AND OTHERS. EMBASSY NOW HAS ADDITIONAL
MATERIAL ON CHANCELLOR'S PRESS CONFERENCE REPORTED
REFTEL AND ON CHARGES IN CSU ORGAN TO WHICH SCHMIDT WAS
REPLYING. LATTER ACCUSED GOVERNMENT OF DELIBERATE
DELAY IN CLOSING INVESTIGATION AND HINTED THAT WHAT
ILLEGAL ACTIVITY THERE MIGHT HAVE BEEN TOOK PLACE WHEN
SCHMIDT WAS MINISTER FOR DEFENSE. SCHMIDT ASSERTED
INTER ALIA THAT USG HAD RELEASED DOCUMENTS ON LOCKHEED
TO OTHER COUNTRIES WITHOUT LIMITATIONS IT IS INSISTING
ON FOR GERMANY, BUT DODGED QUESTION WHETHER FRG WOULD
REFUSE TO ACCEPT DOCUMENTS ON PRESENT USG TERMS. SUB-
SEQUENTLY, THE GOVERNMENT THROUGH A SERIES OF STATEMENTS
AND PRESS CONFERENCES HAS KEPT THIS ISSUE BEFORE THE
PUBLIC. DEFENSE MINISTRY STATEMENT NOTES THAT DOCUMENTS
SUBMITTED BY ERNEST HAUSER WERE FALSIFICATIONS.

END SUMMARY.

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2. SINCE REFTEL WAS DRAFTED, EMBASSY HAS RECEIVED ADDITIONAL MATERIAL ON EXCHANGE BETWEEN CSU ORGAN BAYERN-KURIER AND FRG CHANCELLOR HELMUT SCHMIDT ON FRG ACQUISITION OF DOCUMENTS PERTAINING TO POSSIBLE ILLEGAL ACTIVITY OF LOCKHEED IN GERMANY.

3. THE KURIER REFERRED TO "LOCKHEED DEFAMATION CAMPAIGN" AND NOTED THAT FRG-USG AGREEMENT ON TURNOVER OF DOCUMENTS HAD BEEN INITIALLED ON JULY 10, 1976. THE KURIER SAID THAT A DEPARTMENT OF JUSTICE OFFICIAL ON SEPTEMBER 13 TOLD THE CSU REPRESENTATIVE IN NEW YORK, GREGORICH, THAT THE DOJ HAD BEEN WAITING EVER SIN CE FOR THE GERMAN SIDE TO SIGN THE AGREEMENT AND GO AHEAD WITH ITS IMPLEMENTATION. THE DOCUMENTS COULD BE MADE AVAILABLE WITHIN EIGHT TO TEN DAYS AFTER SIGNATURE. THUS, THE KURIER NOTES, THE GOVERNMENT COULD HAVE HAD THE MATERIAL BY THE END OF JULY.

4. THE KURIER CLAIMS TO HAVE INFORMATION FROM THE NETHERLANDS THAT THE RECENT DONNER REPORT ON PRINCE BERNHARD WAS DELAYED SO THAT IT WOULD APPEAR DURING THE FRG ELECTION CAMPAIGN. THIS WAS ARRANGED BETWEEN SOCIAL - DEMOCRATIC LEADERS OF THE TWO GOVERNMENTS.

5. IN THE KURIER'S OPINION, THE ONLY SERIOUS CHARGE OF WRONG-DOING IS IN REGARD TO PROCUREMENT TRANSACTIONS IN THE 1970-72 PERIOD, A TIME FOR WHICH THE STATUTE OF LIMITATIONS WOULD NOT YET APPLY, AND, THUS, THERE IS NO REASON WHY THE GOVERNMENT SHOULD NOT ACCEPT THE US MATERIALS ON THE SAME BASIS AS OTHER COUNTRIES DID.

6. FINALLY, THE KURIER ASKS WHY THE PRESS HAS NOT MENTIONED THE FACT THAT LOCKHEED REPRESENTATIVE CHRISTIAN STEINRUECKE FAILED TO OBTAIN RECOGNITION AS AN ARMAMENTS LOBBYIST THROUGH YEARS OF TRYING TO SO WHEN CDU-CSU MINISTERS HEADED THE DEFENSE MINISTRY, BUT SUCCEEDED WHEN THE MINISTER FOR DEFENSE WAS HELMUT SCHMIDT AND WHEY THERE HAS BEEN NO PRESS MENTION OF THE FACT THAT THE COSTS SPECIALIST THEN WAS VERY CLOSE

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TO KARL WIENAND (FORMER DEPUTY SPD FACTION CHAIRMAN IN THE BUNDESTAG WHO WAS INVOLVED IN A SCANDAL CONCERNING BRIBERY BY A GERMAN AIR CARRIER).

7. IN HIS REPLY TO REPORTERS' QUESTIONS BASED ON THE KURIER CHARGES, IN ADDITION TO WHAT WAS REPORTED REFTEL, SCHMIDT SAID: (UNOFFICIAL EMBASSY TRANSLATION)

"DURING THE MEETINGS OF THE INVESTIGATIVE COMMITTEE OF THE AMERICAN SENATE, WE HAD OFFICIALS THERE OBSERVING. IN THIS WAY, WE BECAME AWARE THAT SUCH SEC MATERIALS EXIST. WE DO NOT KNOW WHAT IS IN THEM. WE

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NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 /078 W

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KNOW FROM OTHER SOURCES THAT MR. STRAUSS AND MR. ERNEST HAUSER WERE CLOSE FRIENDS (DUZFREUNDE) AND THAT THERE WERE SOME SPONSORSHIPS FOR CHILDREN OF ONE OR THE OTHER. THESE DAYS, THE GENTLEMEN SPEAK SOMEWHAT LESS CORDIALLY OF EACH OTHER. I WILL DRAW NO CONCLUSIONS FROM THAT, BUT THAT IS THE ONLY THING THAT I HAVE LEARNED WITH ANY CERTAINTY FROM THE MANY STATEMENTS IN THE CSU PRESS ON THE LOCKHEED CASE SO FAR AS IT AFFECTS MR. STRAUSS."

8. IN ANSWER TO ANOTHER QUESTION, SCHMIDT REPEATED HIS VIEW THAT CONSIDERATION OF THE USG MATERIALS SHOULD NOT BE LIMITED TO THE COURTS AND SAID THAT HE HAD NOTED THAT IN OTHER NEIGHBORING STATES AND IN ANOTHER CONTINENT THAT SUCH A LIMITATION WAS NOT MADE. SCHMIDT DECLINED TO SAY WHETHER THE FRG WOULD DECLINE TO ACCEPT THE MATERIALS IF THE LIMITATION IS NOT WAIVED, BUT SAID

HE WOULD NOT EXCLUDE FURTHER NEGOTIATIONS AFTER SEPTEMBER 20, ALTHOUGH HE HOPED THE MATTER CAN BE SETTLED THEN. THE QUESTION IS, HE SAID, WHETHER THE TERM "LAW ENFORCEMENT" CAN BE INTERPRETED IN SUCH A WAY

THAT THE MATERIALS ARE NOT LIMITED ONLY TO THE COURTS,
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POSSIBLY IN CASES WHICH UNDER GERMAN LAW ARE UNDER THE STATUTE OF LIMITATIONS.

9. SUBSEQUENT TO SCHMIDT'S PRESS CONFERENCE THE GOVERNMENT HAS CONTINUED TO KEEP THE LOCKHEED ISSUE IN THE PRESS. THE FRANKFURTER RUNDSCHAU, A PRO-SPD PAPER ON SEPTEMBER 17 PRINTED AN EXCLUSIVE STATEMENT BY MINISTER FOR JUSTICE VOGEL REPEATING THE GOVERNMENT RATIONALE FOR RESUMING NEGOTIATIONS WITH THE USG ON THE TURNOVER OF DOCUMENTS. THE DEUTSCHE PRESSE AGENCY THE SAME DAY REPORTED A MINISTRY OF DEFENSE STATEMENT ON THE SAME SUBJECT. THE REGULAR FRIDAY GOVERNMENT PRESS CONFERENCE WAS DEVOTED ALMOST ENTIRELY TO THE LOCKHEED MATTER WITH THE DEFENSE MINISTRY'S CHIEF FRAUD INVESTIGATOR, RATH, ANSWERING REPORTERS' QUESTIONS.

10. THE MINISTRY OF DEFENSE STATEMENT SAID THAT A FINAL CLARIFICATION OF THE SUSPICIONS OF BRIBES TO GERMAN CITIZENS IN CONNECTION WITH THE PURCHASE OF THE STARFIGHTER IS POSSIBLE ONLY AFTER THE ENTIRE DATA OF THE USG HAS BEEN SEEN AND EVALUATED. IN THE RESULTS OF THE INVESTIGATION PRESENTLY AVAILABLE THERE APPEAR SEVERAL SUSPICIOUS FACTORS, BUT THE PRESENT MANAGEMENT OF LOCKHEED HAS ASSURED THAT IT HAS NO EVIDENCE TO SUPPORT THIS. THE STATEMENT NOTED THAT DOCUMENTS PRESENTED BY ERNEST HAUSER ON ALLEGED BRIBES WERE FOUND UPON EXPERT EXAMINATION TO BE FALSIFIED.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, CORRUPTION, ELECTION CAMPAIGNS, NATIONAL ELECTIONS, OPPOSITION PARTIES, MULTINATIONAL CORPORATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN15725
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760352-0521
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760950/aaaabqwp.tel
Line Count: 209
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 BONN 15534
Review Action: RELEASED, APPROVED
Review Authority: vandyklc
Review Comment: n/a
Review Content Flags:
Review Date: 06 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 MAY 2004 by MaustMC>; APPROVED <18 AUG 2004 by vandyklc>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LOCKHEED AND THE FRG
TAGS: MASS, GE, US, LOCKHEED
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006